

Fair Political Practices Commission

Memorandum

To: Chairman Getman and Commissioners Downey, Knox and Swanson

From: Kelly L. Winsor, Legal Analyst, Legal Division
John W. Wallace, Assistant General Counsel
Luisa Menchaca, General Counsel

Subject: Biennial Gift Limit Adjustment: Pre-notice Discussion of Proposed Amendments to Regulations 18703.4, 18730, 18940.2, 18942.1 and 18943

Date: August 14, 2002

Background:

The gift limit is adjusted biennially by the Commission to reflect changes in the annual average California Consumer Price Index ("CPI"). (Government Code sections 87103(e) and 89503(f).) The proposed amendments to regulations 18703.4, 18730, 18940.2, 18942.1 and 18943 reflect the adjustment of the gift limit from \$320 to \$340 for the period of January 1, 2003 through December 31, 2004.

The California Department of Finance ("DOF") provides the CPI calendar year averages for all urban consumers. The DOF May revision forecast indicates an annual average calendar year CPI for 2002 of 186.0. This index may be revised in November 2002 to reflect any changes in the measure of inflation.¹

Gift Limit Calculation (Regulation 18940.2):

The formula used to calculate the adjusted gift limit is as follows: the base dollar amount of \$250 multiplied by the annual CPI (186.0), divided by 135 (the base CPI from 1990), rounded to the nearest \$10. (Regulation 18940.2.)

$$\frac{\$250 \text{ (base dollar amount)} \times 186.0 \text{ (annual CPI)}}{135 \text{ (base CPI from 1990)}} = \$344.44 \text{ (\$340 rounded to nearest \$10)}$$

¹ If the September forecast for calendar year 2002 CPI alters the \$340 gift limit, which was calculated using the May CPI forecast, staff can adjust the amount of the gift limit accordingly and present the new figure for the Commission's approval.

Using the above formula, the gift limitation amount for January 1, 2003 to December 31, 2004 equals \$344.44. This amount is adjusted to \$340 when rounded to the nearest \$10. Therefore, the proposed amendment to this regulation adjusts the gift limit from \$320 to \$340 for the period of January 1, 2003 to December 31, 2004.

Other Regulations Affected:

Proposed amendments to other FPPC regulations affected by this gift limit adjustment, regulations 18703.4, 18730, 18942.1 and 18943, are also being presented at this time to reflect the new gift limit amount.

Attachments:	Regulations	18703.4
		18730
		18940.2
		18942.1
		18943